

SENATOR WICKERSHAM: Yes. If it's any transaction for value, it's going to have that new basis, yes. Otherwise, the general intention is that it has the basis that was held by the transferor.

SENATOR WARNER: The only reason I'm somewhat concerned about to the extent that what your amendment does, that I noticed there's 21 or more amendments now filed up at the...at the Clerk's desk, which could lead us to the position of being unable to ever get back to your amendment if it needs correction, and that's why I'm asking more time in case we'd get to the position where we're precluded from making even corrective amendments because of the time situation. I want to go back again to the kind of transfers that could occur. A dissol...because you made some comment there were other, as I would agree, other examples under the federal income tax that you can get a change in basis for federal income tax purposes, which I also, because of some kind of transfer of ownership, could you give us any other examples that might be covered or are the only ones you intend to cover are those that we've stated, a dissolution of a form of ownership with the same people acquiring...retaining ownership but in a different kind of ownership structure, or estates? Is that really the two things it would be covering?

SENATOR WICKERSHAM: Okay, there's one other than I can think of and that is occasionally you'll have a taxable transaction under the Internal Revenue Code on the formation of a corporation and you could receive a step up in basis in the hands of the corporation in property that was transferred if you...if you had an improper formation. Sometimes that is done deliberately. Most oftentimes that is the result of a mistake on the part of the persons who are forming the corporation. They haven't met the 80 percent stock requirement. Other than that, I think the primary ones are the transfers on death and also the transfers then on dissolution of a...some sort of a business organization, Senator.

SENATOR WARNER: Well, Madam President and members of the Legislature, I'm inclined to support Senator Wickersham's amendment with the understanding, however, that I...that we will have the opportunity to make a corrective amendment a little later on. As a matter of policy, I would have a great deal of sympathy, for example, that in an estate where property is...goes to a spouse it would seem illogical to me to, even